

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2120

ANSWERED ON:11.12.2015

SFIO

Puttaraju Shri C.S.

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the number of cases investigated by Serious Fraud Investigation Office (SFIO) during each of the last three years and the current year;
- (b) the number of cases disposed of and the number of convictions thereof along with pending cases before SFIO during the said period;
- (c) whether the SFIO has implemented a new institutional mechanism in the form of Market Research Analysis Unit (MRAU) to detect fraud at an early stage;
- (d) if so, the details thereof and amount allocated to implement the said mechanism; and
- (e) the corrective measures taken/ being taken by the Government to preclude recurrence of corporate frauds?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

(a) & (b) The numbers are as follows:

Year No. of companies assigned for investigation No. of companies where investigations completed

2012-13 45 22

2013-14 83 22

2014-15 71 39

2015-16 (till 30-11-2015) 35 23

As on 30-11-2015, investigations into the affairs of 127 companies were in progress with SFIO and investigation of one company has been stayed by Court. Further, during the last three years and current year (till 30-11-2015), SFIO has been able to secure convictions in 16 cases through courts and Disciplinary Action Committees of the Institute of Chartered Accountants of India.

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(c) to (e) In an effort to identify fraudulent activities at an early stage, Market Research & Analysis Unit (MRAU) of SFIO analyses information in public domain as well as inputs received from various other sources. Such alerts have necessarily to be corroborated through examination of books of account and other records by the field level offices of the Ministry for detection or identification of fraud. Further, forensic lab set up in MRAU assists investigating teams with digital data analysis. No separate fund has been allocated for MRAU. Government has taken a number of measures to check cases of corporate frauds, including:

(i) "Fraud" as a substantive offence has been introduced in the Companies Act, 2013.

(ii) Statutory status to the SFIO has been granted under the said Act.

(iii) Stricter norms of Corporate Governance and their implementation have been granted under the Companies Act, 2013.

(iv) Increasing application of technology for early/ preliminary identification of cases involving frauds through data analysis and usage of forensic tools, etc.
